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BEFORE THE COMMITTEE TRANSPORTATION & INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

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Good morning Mr. Chairman and distinguished members of the Subcommittee. I appreciate the opportunity to update you on the Coast Guard's acquisition enterprise and the outlook for our ongoing and much-needed recapitalization projects.

Earlier this year, our Commandant, Admiral Robert J. Papp, Jr., stated that the recapitalization of our legacy cutters, air assets and systems is one of our top priorities for Fiscal Year (FY) 2012, and is essential in order to provide the men and women serving in the Coast Guard with the tools they need to ensure the Coast Guard remains well-equipped and prepared to protect our nation's waterways and maritime borders and support our nation's military operations.

In recent years, the Coast Guard has made significant changes to its acquisition enterprise to increase the efficiency and efficacy of our programs. We have consolidated our acquisition, contracting, foreign military sales, and research and development functions under the Acquisition Directorate to support timely delivery of complex and interoperable cutters, boats and aircraft to our frontline forces. The Coast Guard Acquisition Directorate has reclaimed a leadership role in systems integration at all levels, and is now the Systems Integrator for all major and non-major acquisition projects across the Service.

My testimony today will update you on the progress we have made over the past 12 months. I will discuss where our acquisition enterprise stands, outline the steps taken to enhance governance, highlight the accomplishments of our acquisition workforce, update you on the status of our acquisition projects and note some of the challenges that we still face.

ACQUISITION TODAY

The Acquisition Directorate was established nearly four years ago through the integration of programs previously governed under Integrated Deepwater Systems and the Service's legacy acquisition programs. Since then, we have progressed as an organization, and we are implementing effective processes and improving our project management capability and capacity.

The Acquisition Directorate established itself as a learning organization, building on our experiences and incorporating relevant lessons learned and best practices from within and outside of the Coast Guard. We are committed to sound management and comprehensive oversight of all aspects of the acquisition process by leveraging the expertise of our acquisition workforce, technical authorities and governmental partners. The acquisition reform measures recently enacted in the Coast Guard Authorization Act of 2010 provide the Coast Guard with the needed tools and authorities to build upon the efforts that were already underway to enhance our acquisition programs. The Coast Guard has ensured that compliance with the Act's requirements is a priority, and we continue to make progress in implementing these required programmatic changes.

The Coast Guard has always adapted to meet the needs of the nation, whether those needs are well-known and long-standing—saving lives, enforcing federal law, protecting the marine environment, and contributing to national security—or responding to emergent threats. We have been, and will always be, America's maritime guardians, safeguarding the nation's maritime interests. However, as we face new threats, we must be prepared to adapt our tactics and processes to meet mission requirements. Recapitalization of our aging, costly-to-maintain assets and infrastructure is critical to meeting current missions as well as ensuring that we are ready for the future. Due in large part to this Subcommittee's efforts, we are creating a more unified and agile organization focused on the sustained delivery of mission support to enhance mission execution.

The Acquisition Directorate is actively working with our mission support partners—who also act as technical authorities for our ongoing acquisition programs—to provide efficient and effective logistics and maintenance support to our assets in the field.

These organizational changes have come in concert with the significant changes in our acquisition processes and project management, in which the Department of Homeland Security (DHS) and this Subcommittee have played integral roles. Consolidation of the Acquisition Directorate, assumption of the Systems Integrator responsibilities and implementation of the recently released *Blueprint for Continuous Improvement, Version 5.0*, have better equipped us to manage cost, schedules, and contractor performance. We have achieved several accomplishments in key areas:

Coast Guard as the Systems Integrator

The Coast Guard Acquisition Directorate is now the Systems Integrator for all Coast Guard acquisition projects. Our contract with Integrated Coast Guard Systems (ICGS), a joint venture of Northrop Grumman and Lockheed Martin, expired in January 2011 and will not be renewed. As Systems Integrator, the Coast Guard is responsible for all phases in the lifecycle of its assets, from concept development to decommissioning.

We are carrying out these responsibilities through active collaboration with our technical authorities, who set technical standards for the projects, and project sponsors who set the requirements.

The Asset Project Office (APO) was added to the Acquisition Directorate last year to ensure new surface assets smoothly transition from acquisition to sustainment by integrating life cycle support early in the acquisition process, and establishing a strong link between the acquisition and maintenance communities.

Documentation

Major systems acquisitions are complex and require disciplined processes and procedures. In 2010, the Acquisition Directorate completed a comprehensive revision of the Coast Guard's *Major Systems Acquisition Manual* (MSAM), which defines policies and procedures for project managers to plan, coordinate and execute major systems acquisition projects. The MSAM is closely aligned with DHS acquisition management policy Directive 102-01. The revised MSAM ensures that uniform procedures for acquisition planning and project management are applied to every major systems acquisition, aligning the Coast Guard with the requirements of the Coast Guard Authorization Act of 2010, our Department's acquisition management policy and processes, and federal acquisition rules and procedures. We have made significant progress in ensuring that acquisition projects already underway comply with MSAM policies.

In 2010 we also released an updated strategic plan, the *Blueprint for Continuous Improvement, Version 5.0*—the top-level planning document for the Coast Guard's acquisition enterprise for the next two years. It builds on the action plans included in previous versions by shifting toward a performance measurement and management structure. Furthermore, this plan fits within a broader Mission Support plan, recently signed, that addresses all aspects of support for our people, systems, and assets.

Role of Governance and Oversight

The Coast Guard's revitalized and improved acquisition organization has been informed and aided by the support of this Subcommittee, DHS and the Government Accountability Office. Effective oversight requires well-defined and repeatable processes, and we have worked hard during the last few years to improve our transparency to Congress and the public. In addition, this Subcommittee was closely involved in developing reforms to our acquisition program that were enacted as part of the Coast Guard Authorization Act of 2010. We are working diligently to institute these reforms, which build on programmatic improvements that the Coast Guard had begun implementing prior to the Act's passage.

We have also benefited from the guidance provided by DHS as the Coast Guard's acquisition decision authority. The Department's Acquisition Lifecycle Framework provides the Coast Guard with a disciplined, phased acquisition approach and governance by department-level Acquisition Review Boards, which evaluate the direction of each program according to consistent criteria. This oversight function not only ensures Coast Guard acquisition programs are soundly conceptualized, developed and managed, but also fosters a strong collaborative component-department relationship. The acquisition process support and clear guidance provided by the Department's Office of the Chief Procurement Officer and Acquisition Program Management Division have played a considerable role in the maturation of the Coast Guard's Acquisition Directorate as a cost-conscious and milestone-driven acquisition organization.

Organizational Realignment and Partnerships

A key component of the reorganized and revitalized acquisition organization is the strong relationships forged with our technical authorities in the Coast Guard's mission support community, including Human Resources; Engineering and Logistics; and Command, Control, Communications, Computers and Information Technology (C⁴IT). We have institutionalized collaborative partnerships with these authorities in their roles as our technical authorities for the platforms and mission systems the acquisition enterprise produces and delivers.

We continue to benefit from a robust partnership with the U.S. Navy, leveraging its expertise in acquisition processes, common systems planning, engineering, and testing.

While the Coast Guard maintains its position as the final authority for asset and system certification, we are committed to seeking out independent validation by third-party experts. These experts provide valuable input to the Coast Guard's own certification process, allowing our technical staff and other professionals to make better-informed decisions regarding designs and operational capabilities of assets and systems.

CAPITAL INVESTMENT PLAN

The Capital Investment Plan (CIP) estimates Acquisition, Construction and Improvement (AC&I) funding levels from FY 2012 through FY 2016 for the program of record for each acquisition project. The plan includes the President's Request for FY 2012, the estimated cost of completion (identified as the Total Acquisition Cost), estimated funding levels for fiscal years 2013 through 2016, and estimated completion dates. The Total Acquisition Costs and estimated completion date identified in the CIP are based upon the cost estimates and schedules associated with the latest DHS-approved project-specific Acquisition Program Baseline (APB) when available, or the Integrated Deepwater System APB for acquisitions that do not yet have a DHS-approved project APB.

Funding levels included in the CIP are subject to change based upon adjustments to fiscal guidance, congressional action, changes to the Coast Guard's strategic plan, as well as direction provided by DHS leadership, including Future Years Homeland Security Programs (FYHSP). The CIP is limited to projects funded in the budget request. Projects in the sustainment phase, and no longer requiring AC&I funding, are not included.

FY 2012-2016 Five Year Capital Investment Plan (CIP)

Acquisition, Construction & Improvements¹

(Thousands of dollars, budget year dollars)	Annualized CR ²	FY 2012 Request	FY 2013	FY 2014	FY 2015	FY 2016	Total Acquisition Cost ³	Estimated Completion Date ³
Vessels	\$975,000	\$642,000	\$1,251,000	\$1,265,800	\$1,869,000	\$1,193,000		
Survey and Design - Vessel and Boats	\$0	\$6,000	\$1,000	\$1,000	\$1,000	\$1,000	Not Applicable	Not Applicable
In-Service Cutter Sustainment	\$0	\$14,000	\$23,000	\$40,000	\$36,000	\$48,000	Not Applicable	Not Applicable
Response Boat - Medium (RB-M)	\$42,000	\$110,000	\$58,000	\$40,800	\$0	\$0	\$610,000	2015
National Security Cutter (NSC)	\$615,000	\$77,000	\$775,000	\$795,000	\$853,000	\$45,000	\$4,749,000	2018
Offshore Patrol Cutter (OPC)	\$45,000	\$25,000	\$30,000	\$50,000	\$640,000	\$760,000	\$8,098,000	2031
Fast Response Cutter (FRC)	\$240,000	\$358,000	\$335,000	\$335,000	\$335,000	\$335,000	\$3,928,000	2022
Cutter Boats	\$3,000	\$5,000	\$4,000	\$4,000	\$4,000	\$4,000	\$110,100	2026
Medium Endurance Cutter Sustainment	\$30,000	\$47,000	\$25,000	\$0	\$0	\$0	\$296,800	2014
Aircraft	\$180,531	\$289,900	\$120,500	\$148,100	\$127,300	\$185,400		
CGNR 6017 Airframe Replacement	\$0	\$18,300	\$0	\$0	\$0	\$0	\$18,300	2013
Maritime Patrol Aircraft (MPA)	\$119,531	\$129,500	\$43,000	\$60,000	\$45,000	\$90,000	\$2,222,600	2025
HH-60 Conversion Projects	\$32,000	\$36,100	\$9,500	\$24,100	\$17,300	\$25,500	\$451,000	2020
HH-65 Conversion/Sustainment Projects	\$0	\$24,000	\$35,000	\$35,000	\$35,000	\$39,000	\$1,133,600	2020
HC-130H Conversion/Sustainment Projects	\$25,000	\$62,000	\$29,000	\$29,000	\$30,000	\$30,900	\$690,000	2022
HC-130J Fleet Introduction	\$4,000	\$0	\$4,000	\$0	\$0	\$0	\$162,500	2011
Other	\$147,500	\$166,140	\$101,600	\$123,000	\$110,000	\$120,000		
Government Program Management	\$45,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$1,518,000	2031
Systems Engineering and Integration	\$29,000	\$17,140	\$15,000	\$15,000	\$15,000	\$15,000	\$1,118,100	2031
C4ISR	\$30,500	\$34,500	\$35,000	\$35,000	\$30,000	\$40,000	\$1,353,000	2025
Technology Obsolescence Prevention	\$1,000	\$0	\$0	\$0	\$0	\$0	\$345,000	2031
CG-LIMS	\$6,000	\$6,500	\$5,600	\$20,000	\$30,000	\$30,000	Not Available	Not Available
Nationwide Automatic Identification System (NAIS)	\$0	\$5,000	\$6,000	\$13,000	\$0	\$0	\$120,000	2015
Rescue 21	\$36,000	\$65,000	\$1,000	\$0	\$0	\$0	\$1,066,200	2017
Interagency Operations Centers (IOCs)	\$0	\$3,000	\$4,000	\$5,000	\$0	\$0	\$83,000	2015
Shore and ATON	\$113,200	\$193,692	\$114,611	\$120,290	\$126,990	\$144,609		
Major Shore, ATON and S&D	\$69,200	\$92,900	\$50,000	\$44,200	\$50,000	\$60,000	Not Applicable	Not Applicable
Major Acquisition Systems Infrastructure	\$44,000	\$94,500	\$59,611	\$71,090	\$71,090	\$79,609	Not Applicable	Not Applicable
Minor Shore	\$0	\$6,292	\$5,000	\$5,000	\$5,000	\$5,000	Not Applicable	Not Applicable
Military Housing	\$13,966	\$20,000	\$0	\$0	\$0	\$0		
Personnel and Management	\$106,083	\$110,192	\$114,589	\$116,869	\$119,194	\$121,566		
AC&I Core	\$510	\$600	\$600	\$600	\$600	\$600	Not Applicable	Not Applicable
Direct Personnel Costs	\$105,573	\$109,592	\$113,989	\$116,269	\$118,594	\$120,966	Not Applicable	Not Applicable
TOTAL	\$ 1,536,280	\$ 1,421,924	\$ 1,702,300	\$ 1,774,059	\$ 2,351,584	\$ 1,764,575		

Notes: (1) FY 2013-16 funding levels are subject to change based upon adjustment to out-year fiscal guidance and finalization of the FY 2012-16 Future Year Homeland Security Program.
(2) For purposes of display, 2011 project funding levels are a distribution of the annualized March 4, 2011 Continuing Resolution (H.R. 3082) "top-line" AC&I funding level, which is \$156.5 million more than the FY 2011 President's Budget. The distribution of funds to each project is consistent with the FY 2011 President's Budget with the following exceptions:
(a) \$615 million for NSC; \$77M greater than the President's Budget, consistent with the 11th Congress' FY 2011 House Full-Year Continuing Resolution and FY 2011 Draft Omnibus Appropriations Bills. The additional \$77M in 2011, plus another \$77M in 2012, is required to fully fund NSC-5.
(b) \$105.6 million for Direct Personnel; \$1.5 million less than the FY 2011 President's Budget, reflects savings from the 2011-2012 civilian pay freeze, consistent with the March 4, 2011 Continuing Resolution.
(c) The remainder of the excess \$156.5 million (\$79.5 million) is allocated to MPA, as this is a high priority recapitalization project in FY 2011. The excess funds would provide one additional aircraft and initial spares.
(3) Total project costs and estimated completion date are based on individual project DHS Acquisition Program Baselines (APBs) when available, or the 2003 Integrated Deepwater System APB.

ACQUISITION WORKFORCE

The Coast Guard has been able to make accomplishments in the acquisition field over the past year due in large part to the quality of our people and the great work that they do. The Acquisition Directorate has placed a tremendous emphasis on ensuring workforce quality through professional development and retention, as well as enhancing training and certification opportunities for our acquisition personnel. Project managers for all major acquisition projects within the Acquisition Directorate have attained DHS Level III program manager certification. Both military and civilian Level III program managers have risen through the ranks of our acquisition organization, learning from their leaders, tapping into previous experience in other programs, and increasing leadership continuity in the acquisition enterprise.

In addition to maintaining a trained and certified workforce, the expedited hiring authority provided in the Coast Guard Authorization Act of 2010 proved vital to filling many critical civilian positions with individuals who have the appropriate acquisition experience and capabilities. The Service is also establishing military and civilian career paths within the acquisition enterprise to give members of our workforce the opportunity to establish themselves in the acquisition field.

MAJOR ACQUISITION PROJECT UPDATES

National Security Cutter

A critical element of our recapitalized fleet, the 418-foot Legend-class National Security Cutter (NSC) is the largest and most technically advanced class of cutter in the Coast Guard. The NSCs are replacing the capability of the Coast Guard's aging and obsolete High Endurance Cutters (WHECs) to execute today's homeland security and maritime law enforcement missions with agility and endurance.

BERTHOLF (NSC #1) attained "Ready for Operations" status in May 2010. During a 90-day patrol that ended in November 2010, her crew interdicted approximately 12,400 kilograms of cocaine worth nearly \$400 million, detained nine persons suspected of illegal activity and entered 27 associated smugglers into national databases. The BERTHOLF's Sensitive Compartmented Information Facility (SCIF) is proving integral to operations, providing real-time tactical intelligence and classified information-sharing with our operational partners. WAESCHE (NSC #2) was commissioned in May 7, 2010, with final acceptance in November 2010. STRATTON (NSC #3) is nearly 75 percent complete and was christened on July 23, 2010 by First Lady Michelle Obama in Pascagoula, MS. Delivery is scheduled for later this year.

After nearly a year of negotiations, a fixed-price incentive contract for the production and delivery of NSC 4 was awarded to Northrop Grumman Shipbuilding in November 2010, allowing future costs for the NSC program to be much more predictable. Valued at \$480 million, this was the first NSC production contract awarded directly to the shipbuilder and is significantly lower than their original proposal. In January 2011, we awarded a firm fixed price contract option to procure Long Lead Time Material for the fifth NSC. Negotiations for the production and delivery option for NSC 5 are ongoing, with a contract to be awarded as soon as full funding for this ship is received.

Offshore Patrol Cutter

The Offshore Patrol Cutter (OPC) will replace the capability of our current fleet of 29 aging Medium Endurance Cutters (WMECs). We are continuing pre-acquisition work for the 25-cutter OPC class. The Operational Requirements Document was approved by DHS in August 2010 and work continues on developing total acquisition and lifecycle cost estimates for the project. We have directly engaged with

industry throughout the early stages of the design process, including an industry day held in Tampa, Fla., on November 4, 2010. We anticipate that a draft Request for Proposal (RFP) will be released soon, with a pre-solicitation conference for industry to follow.

Fast Response Cutter

The 154-foot Sentinel-class Fast Response Cutter (FRC) project will provide critically needed patrol boats, helping to close an existing patrol boat operational gap and replace the capabilities of the aging 110-foot Island-class patrol boat fleet.

The FRC project is using a proven, in-service parent craft design modified to meet Coast Guard specifications and mission requirements, and that meets American Bureau of Shipping design, build, and class standards. This allows the project to minimize cost and schedule risk as well as deliver these cutters to the fleet quickly, where they are needed to perform operations. Delivery of the first FRC is scheduled for the fall of 2011.

Response Boat-Medium

Replacing the Coast Guard's aging 41-foot utility boats that have been in use for more than 25 years, the 45-foot Response Boat-Medium (RB-M) is conducting a broad range of vital Coast Guard missions and offers significant improvements in performance, crew efficiency and operational availability. 105 RB-Ms have been ordered and 52 have been delivered to date to Coast Guard stations nationwide. RB-M boat crews have already put this new capability to work for our nation – this vessel is credited with contributing to successful outcomes in numerous mission areas. Full-fleet Operational Capability is scheduled for FY 2015.

The value of the enhanced multi-mission capabilities of the RB-M were demonstrated during the successful interdiction of a suspect vessel transiting the Mona Passage in January. Operating in coordination with the Coast Guard Cutter MATINICUS, and CBP Air and Marine assets, Sector San Juan's RB-M and her crew were able to apprehend the sinking vessel while its crew was attempting to throw its cargo overboard. Following positive tests for illegal drugs, two crewmembers were arrested and transferred to U.S. Immigration and Customs Enforcement, and more than 95 kilograms of cocaine were seized.

Mission Effectiveness Project

Under the Mission Effectiveness Project (MEP), 210-foot and 270-foot WMECs as well as 110-foot Island-class patrol boats are undergoing refurbishment at the Coast Guard Yard in Curtis Bay, MD. The MEP provides selected equipment upgrades and enhancements to increase service life and performance and reduce future maintenance costs. The 14th and final 210-foot WMEC completed MEP availability in September 2010. Six of 19 270-foot WMEC availabilities have been completed, and funds to perform five more are requested in the FY 2012 Budget. Additionally, 13 of 17 110-foot patrol boats have completed MEP availabilities. Availability and reliability of the cutters that have undergone MEP have increased markedly. The Coast Guard intends to continue this cost-effective major system obsolescence and reliability improvement strategy for other classes of aging vessels.

The FY 2012 President's Budget includes a request to initiate a MEP on the 140-foot Icebreaking tugs (WTGB), the oldest of which has been in service for 32 years. The WTGB fleet lagged against operational readiness targets due to major equipment failures, which reduce operational capacity, and, in some cases, have precluded cutters from getting underway or resulted in aborted missions. Like other

MEPs, this project is intended to increase the reliability and operational availability of these cutter classes through replacement of equipment and components that have been identified as the highest contributors to increasing maintenance costs and decreasing cutter availability. The WTGB fleet performs domestic icebreaking missions that provide safe passage of more than 20 million tons of cargo during peak winter months in the Great Lakes region, and millions of tons in coastal regions along the Northeast Atlantic, and notably, contributed to oil spill response efforts associated with the Deepwater Horizon Oil Spill.

HC-144A Maritime Patrol Aircraft

The HC-144A fixed-wing Ocean Sentry Maritime Patrol Aircraft (MPA) is replacing the fleet of aging HU-25 Guardian jets. The HC-144A has significantly greater endurance than its predecessor and is equipped with a Mission Systems Pallet (MSP) that provides new command-and-control surveillance technologies to enhance maritime domain awareness. The HC-144A is a multi-mission and adaptable aircraft that will perform maritime patrol, law enforcement, search and rescue, disaster response, and cargo and personnel transport. In December 2010, the aircraft participated in its first drug interdiction out of Air Station Miami by tracking a vessel with 4,500 lbs. of marijuana aboard until surface assets could arrive on scene. The MPA's increased endurance allowed the crew to maintain contact with the vessel for more than five hours until it could be interdicted by Coast Guard surface assets. The HC-144A was also instrumental in providing critical overflights during the Deepwater Horizon oil spill.

Eleven aircraft and 12 MSPs have been delivered to date. In July 2010, with the Coast Guard acting as Systems Integrator, a contract for delivery of three additional HC-144As was awarded competitively, with options available for six additional aircraft. Aviation Training Center Mobile is now fully operational with five aircraft conducting training and standing duty, and Air Station Miami achieved Initial Operating Capability with three HC-144As in October 2010. As of March 2011, the HC-144A has assumed all immediate response search and rescue responsibilities at Air Station Miami.

HC-130J/H Long Range Surveillance Aircraft

The sixth missionized HC-130J Super Hercules Long Range Surveillance Aircraft was delivered in May 2010, with two more on order. The HC-130J is based on the robust C-130 basic airframe design but with advanced engines, propellers, avionics, and cargo-handling equipment. Each HC-130J missionization includes a nine-month refit of its airframe and installation of integrated radar, sensor and communications systems. The first HC-130s features a 360-degree, belly-mounted, multi-mode surface search radar that significantly enhances operators ability to detect surface craft on the water. The HC-130J mission system is installed on the flight deck, allowing full sensor capability while carrying a full load of cargo. This has allowed the HC-130J to excel in recent disaster response missions as DHS's only heavy air lift provider.

The HC-130H fleet will also receive structural refurbishments and necessary avionics upgrades to extend their service lives.

HH/MH-60 and HH/MH-65 Helicopter Conversions

Legacy HH-60J helicopters will be upgraded to MH-60Ts and used as medium-range aircraft that execute the full range of Coast Guard programs including Law Enforcement, Maritime Security, Maritime Response, Defense Operations, and Maritime Transportation System Management. To date, 17 out of 40 in-service MH-60Ts have been delivered with upgraded avionics and an enhanced electro-optic/infrared sensor system in the first two discrete segments of this project, and 132 MH-60T pilots have been fully qualified. Four air stations—Elizabeth City, San Diego, Sitka and Cape Cod—are

operational

with

MH-60Ts.

The first two discrete segments of the MH-65 project—replacing engines on all 95 in-service aircraft and procuring seven more to meet National Capital Region Air Defense capability requirements—are complete. 74 of 102 aircraft have been upgraded with Airborne Use of Force capability. Obsolete component modernization began in August 2010, and six aircraft have been delivered with these modifications, including a new dual-digital embedded GPS/inertial navigation system used by the Department of Defense (DoD).

C4ISR

Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (*C4ISR*) includes information technology recapitalization for shore sites and surface and aviation platforms. *C4ISR* provides interoperability, improved situational awareness, and new levels of maritime domain awareness. *C4ISR* projects include legacy cutter upgrades, aircraft MSPs and mission support systems, and associated shore facility upgrades. Recent milestones include receiving authority to operate classified local area networks on the HC-144A's MSPs in September 2010, completing the Mission Systems Integration Lab for the MSPs in October 2010, and ongoing testing and installation of the next increment of NSC software.

Rescue 21

Rescue 21, our new system for responding to mariners' distress calls that is expected to be deployed along more than 41,000 miles of U.S. coastline, is a vast improvement over the legacy National Distress Response System. To date, we have delivered Rescue 21 to 26 of 35 Coast Guard regions/sectors, covering the Atlantic, Gulf, and Pacific Coasts – approximately 36,985 miles of U.S. coastline. Work is progressing this year for deployment in the Great Lakes, Hawaii, Guam, and Puerto Rico. With increased communications coverage and advanced direction-finding capabilities, Rescue 21 dramatically enhances our ability to conduct search and rescue, and we regularly hear of remarkable rescues at sea enabled by the new system.

Nationwide Automatic Identification System

The Nationwide Automatic Identification System (NAIS) is a maritime data system that tracks vessel positions using vessel identification and navigation data. Developed and fielded in individual increments, NAIS information will be displayed in the maritime common operating picture and shared with partner agencies. We are currently receiving AIS messages in all 58 high priority ports and 11 coastal areas. We have completed integrated factory acceptance testing and have installed core system equipment at the Coast Guard's Command and Control Engineering Center, Navigation Center and Operation Systems Center. Communications equipment has been installed at Sectors Mobile, Hampton Roads, and Delaware Bay. Developmental test and evaluation will occur this year and the program is on track to be completed by 2015.

Interagency Operations Centers

The SAFE Port Act 2006 directed the creation of Interagency Operations Centers (IOC) to better coordinate port security in high priority ports. The Secretary delegated the authority to establish IOCs to the Coast Guard in 2009. This authorization is tied directly to the associated 2006 and 2010 Coast Guard Authorization Acts, and the guidance provided by the DHS Maritime Port Operations Handbook (MPOH) signed by the Secretary in January 2009. In most ports, IOCs will exist as a coalition of federated maritime agencies, connected by IT solutions and executed by in-person collaboration, rather than a physical facility where multiple agencies work on a joint watch floor; however, in some ports,

collocation of agencies is or will be possible as well. In addition to improving coordinated responses to incidents by improving interoperability, IOCs will enable alignment of multiple agencies' targeting and operational planning processes around an interagency framework, thereby supporting a higher level of interoperability while preserving each agency's autonomy.

The implementation of IOCs for port security improves collaboration and coordination, situational awareness, operations monitoring, rules-based processing and tactical decision-making in the interagency environment. A key enabler of the IOC package is a web-based information management system called WatchKeeper which consolidates and presents port security information from various authoritative data bases to help the Coast Guard and its port partners make the most efficient and effective, risk-based employment of their resources to keep America's ports safe. WatchKeeper is interoperable with Coast Guard law enforcement and communications systems and other government agencies' authoritative data systems.

Shore Infrastructure Backlog

To deliver a Coast Guard shore infrastructure that will meet mission needs, our shore assets and their appropriated funding sources must be managed as a system.

- The American Recovery and Reinvestment Act (ARRA) provided \$98 million in AC&I projects; \$89.2 million was approved to complete multiple shore projects from the FY 2010 and FY2011 Shore Facilities Requirements List. Projects included the recapitalization and rebuild of boat houses and maintenance facilities and housing and barracks improvements in addition to utility upgrades to water distribution systems.
- The President's FY 2011 Budget requested \$83.2 million for Shore AC&I and includes military housing projects, WLB moorings in Newport, RI, Chase Hall Barracks renovations, and completion of the renovations of Thrun Hall at Support Center Elizabeth City.
- The President's FY2012 Budget submission requests \$119.2M for Shore AC&I and includes military housing projects, establishing consolidated facilities at Sector Corpus Christi, recapitalization of the patrol boat pier at Cape May and renovations of Chase Hall Barracks at Coast Guard Academy, replacement of Station Menemsha and Station Fairport facilities in addition to recapitalization of the wastewater treatment facilities at Coast Guard Training Center Petaluma.

ACQUISITION CHALLENGES

While our reform efforts have enabled notable successes and positioned us to maintain that momentum for future efforts, some challenges still remain for our acquisition enterprise.

Our Aging Fleet

The urgency to recapitalize our fleet of cutters, boats, aircraft, and C⁴ISR systems continues. Many of our ships were commissioned in the 1960s and 1970s, and the loss of operational availability due to unanticipated repairs of cutters and aircraft has a direct impact on our ability to meet planned operational patrol hours. This challenge is most prominent with our High Endurance Cutters. While our front line forces and support personnel are working hard to keep these assets operational, it is beyond the time to replace this capability so we may decommission these costly assets as soon as possible.

Portfolio Management

As the Coast Guard faces obsolescence across its fleet of aging air and surface assets, C⁴ISR, and shore infrastructure, the Coast Guard must carefully manage resources to ensure funding is allocated toward its highest priority requirements. The Coast Guard has established a senior level governance body, known as the Executive Oversight Council, to provide guidance and direction to ensure acquisition resources target the Service's highest priority recapitalization needs and are leveraged to best achieve cost, schedule, and performance objectives.

LOOKING TO THE FUTURE

The motto of the Coast Guard's Acquisition Directorate states, "Mission execution begins here." Our job is to recapitalize the Coast Guard, and we are tasked with the responsibility of delivering the highest level of readiness in a sustainable manner. The dedicated efforts of our acquisition workforce, combined with guidance from DHS, the Administration and Congress, have had a lasting impact on Coast Guard men and women serving in the field. We have processes and procedures in place to ensure successful program management and oversight, and we have demonstrated their effectiveness. By adhering to and improving upon what we now have in place, we will be able to successfully meet and address any future challenges and deliver assets and systems with capabilities to meet our evolving mission needs.

Thank you for the opportunity to testify today. I look forward to your questions.